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State of Utah
DEPARTMENT OF NATURAL RESOURCES

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Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

October 25, 2007

Michael Shumway
White Canyon Exploration LLC
P. O. Box 1032
Moab, Utah 84532

Subject: Deficient Notice of Intention to Commence Small Mining Operations, White Canyon Exploration LLC, Daneros Mine, S0370121, Task 2006, San Juan County, Utah

Dear Mr. Shumway:

The Notice of Intent to Commence Small Mining Operations (NOI), received by the Division September 10, 2007, is incomplete. The following information is required. Please read through each item carefully and contact the Division if you have questions.

1. Kelly Shumway is listed as a member or manager, but according to the Division of Corporations, she is the registered agent and not a member or manager. Please make this correction or provide documentation that she holds this position.

2. Please include a general location map, such as a USGS topographic map, at a scale sufficiently large to show the site location in relation to other features in the area.

3. The plan of operations discusses several facilities that need to be shown on a map. The Division recommends that the facilities map have contour lines at an interval of ten feet. The Notice may also need discussion about these facilities.

   a. The plan of operations says there will be a second portal. Please show this portal on the map.

   b. The plan also says there will be a vent hole, and this needs to be shown on a map together with information about the depth and diameter of this hole. Please also include a discussion of the disturbance and facilities that will be associated with this vent hole. Will there be a foundation and diffuser, or will it have a fan? Will there be an external power source with power lines, or wil

there be a generator? If there is to be a generator, its location needs to be shown on a map.

c. The plan says chemicals, lubricants and oils will be in sealed storage. What type of storage container will this be? Please show the location on the map.

d. Potable water will be stored in a tank. Please show the location and size of this tank and discuss whether it will be portable or if there will be a more permanent installation with a foundation.

e. Please provide dimensions of the shop and office building.

f. Please include dimensions of the ore, waste, and topsoil piles. Please also include a discussion of plans for the existing ore and/or waste at the site. The discussion should include details such how pads will be compacted to protect seepage into groundwater.

4. The plan says topsoil will be used to create a berm along the base of the hillside west of the waste and ore pile and that this will be used to channel runoff. Topsoil needs to be protected and should not be used for this purpose. Please revise the plan and show a different soil storage location and a different means of channeling runoff away from the piles. A protected channel to route water to the wash is a better alternative. Berms should be constructed of other, non-toxic materials.

5. The Division agrees that ore and waste piles need protection from storm water runoff. According to the plan, debris and runoff from the waste pile will be kept from stream channels by using silt fences and soil berms. A silt fence may be a good means of protecting ore piles, waste pile and topsoil piles but generally is not recommended because of installation and maintenance problems.

6. The creek crossing from the county road across the wash into the storage area needs to be looked at closely to determine what will be more appropriate, a low water crossing or a culvert. The road crossing above the storage area will most likely need a culvert or two due to the steep banks, although a low water crossing may be a better alternative. The Division recommends that drainage control structures be designed to safely pass runoff from a 25-year, 24-hour precipitation event, and the BLM said these structures should be sized to handle runoff from a 100-year, 6-hour event. You should see which of these events produces the most runoff and design for this event. Those structures that should be designed include

any culverts and drainage channels, especially the main channel and the smaller one being moved behind the portal. It will be necessary to line this channel with a graded angular riprap to protect the pad and slope. It would be best to consider a low water crossing, if topography allows this, especially on the lower end of the property, since the watershed above this project is several square miles in size and has the potential to produce significant flood events and wash out any culverts.

7. Because of the potential for radioactive materials being in the ore and waste material and potentially being transported off the site by air or water, the Division requests background information on the amount of radium 226 in existing waste piles, pads and the native soil materials. Waste material from the mine should also be tested for this parameter. If any of the material has elevated radium levels, precautions will need to be taken both during operations and reclamation. The site will need to be returned to baseline radioactive levels at the time of reclamation. The Division also requests that you sample background levels of radium 226, thorium 230, and radon 222, including runoff water and any water that may be in the mine. There should also be ongoing monitoring and surveillance of these parameters.

8. Any materials, such as waste or ore, considered to be deleterious and remaining at the site following reclamation will need to be safely removed or left in an isolated or neutralized condition such that adverse environmental effects are eliminated or controlled. If these materials are left at the site, they would need to be placed in the workings or adequately capped to ensure water infiltration and radon exhalation are minimal. The Division can provide recommendations for design features.

9. The proposed cuts of 30 and 50 feet and the mining operation will generate waste or other material. The operations map shows a proposed waste/fill dirt stockpile berm about 100 feet long, but it does not appear this berm would be large enough to accommodate this much material. Please show where this material will be placed. Any waste from the mining operation should be tested for radionuclide levels and may need to be stored away from drainage channels and protected from erosion. If waste is to be used to reclaim the portals, it should also be tested. Please show how much waste material may be stored on site and give a maximum ore pile volume prior to any shipping.

10. Please include a map showing known and projected underground workings and provide information relating to whether there will be subsidence or other surface effects from the underground mining operation, such as the depth of overburden and the dimensions of the ore zones and of the areas to be mined.

The Division will await your reply to these questions before determining a reclamation surety amount. This amount will need to be approved by the BLM. The BLM required that you submit a reclamation cost estimate, and the Division will take into account the information you provide.

In reply, please refer to file number S0370121. If you have questions about this letter, please contact me at 801-538-5258 or Paul Baker at 801-538-5261. Thank you for your cooperation.

Sincerely,

Susan M. White

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:PBB:pb
cc: Ted McDougall, Monticello BLM
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